

MAGELLAN GLOBAL FUND

ARSN 126 366 961

CONDENSED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

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(ARSN 126 366 961)

**CONDENSED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

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MAGELLAN GLOBAL FUND
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DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

The Directors of Magellan Asset Management Limited (ABN 31 120 593 946), the Responsible Entity of Magellan Global Fund ("the Fund"), present their report together with the financial report in respect of the six months ended 31 December 2008 and the review report thereon.

Directors

The following persons were Directors of Magellan Asset Management Limited during the period and up to the date of this report unless otherwise noted.

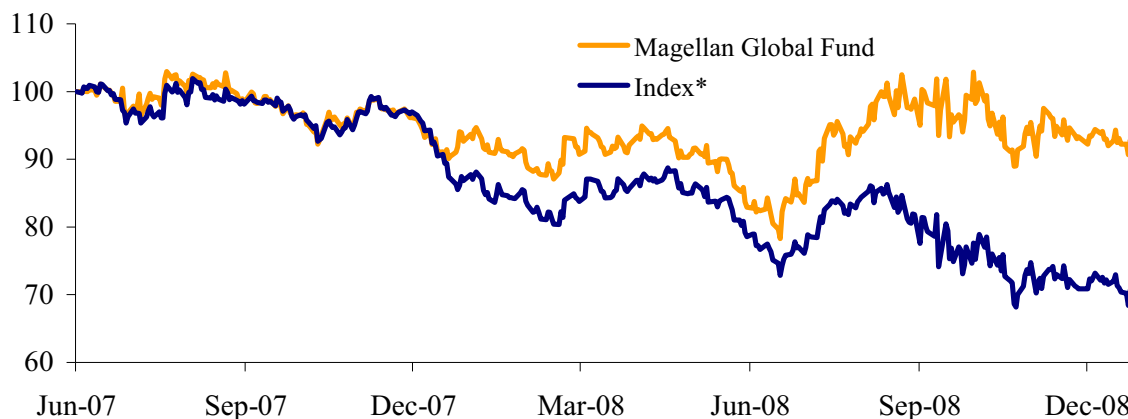
Name	Directorship	Appointed	Resigned
Naomi Milgrom	Independent Non-executive Director	23 July 2007	-
Paul Lewis	Independent Non- executive Director	23 July 2007	-
Hamish Douglass	Executive Director and Chairman of the Board	31 July 2006	-
Brett Cairns	Independent Non-executive Director	23 July 2007	10 November 2008
Chris Mackay	Executive Director	6 July 2006	10 November 2008

Result of Operations

The Fund commenced on 1 July 2007 and invests in companies and businesses in the global financial services, consumer and retail, and infrastructure sectors, in accordance with its investment strategy as detailed in the current Product Disclosure Statement. There have been no significant changes to the investment strategy of the Fund or to the operational circumstances since the publication of the initial Product Disclosure Statement.

The results of the Fund's operations and its performance for the six months ended 31 December 2008 were as follows:

	\$'000
Results	
Net profit / (loss) attributable to unit holders	<u>2,510</u>
Performance	
Growth return	12.87%
Distribution return	-
Total return	12.87%
Benchmark return	(8.75%)
Redemption unit price as at 31 December	0.9101
Indirect cost ratio	1.36%



* MSCI World Net TR Index (AUD equiv)

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DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

No distribution has been paid or is payable in respect of the six month periods ended 31 December 2008 and 31 December 2007.

Returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard No. 6 - Product Performance: Calculation of Returns.

The Indirect cost ratio is the ratio of the Fund's management costs over its average net assets attributable for the year, expressed as a percentage. Management costs include management fees and other reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage or foreign withholding tax. Management costs are accrued within the Fund's unit prices on a daily basis.

Matters Subsequent to the end of the Financial Half-Year

There have been no matters or circumstances arising after the balance sheet date that have significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of those operations, or the Fund's state of affairs in future financial years.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of the Directors' Report for the six months ended 31 December 2008.

Rounding off

The Fund is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Hamish Douglass
Chairman
Magellan Asset Management Limited
Sydney

25 February 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Magellan Asset Management Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the six months ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

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Robert Warren
Partner

Sydney

25 February 2009

MAGELLAN GLOBAL FUND
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CONDENSED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	31 December 2008	31 December 2007
	\$'000	\$'000
Investment income		
Interest income	168	240
Dividend and distribution income	287	78
Net changes in the fair value of investments designated at fair value through profit or loss	1,755	(1,126)
Net foreign exchange gain/(loss)	530	(31)
Other income	1	-
Net investment income/(loss)	2,741	(839)
Expenses		
Management fees	193	122
Other expenses	38	11
Total expenses	231	133
Profit / (loss) from operating activities	2,510	(972)
Net change in net assets attributable to unit holders	2,510	(972)

The notes on pages 7 to 8 are an integral part of these condensed interim financial statements

CONDENSED INTERIM STATEMENT OF RECOGNISED
INCOME AND EXPENSE
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

As the Fund has no equity, the Fund has not included any items of recognised income and expense for the current period.

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CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	31 December 2008	30 June 2008
		\$'000	\$'000
Assets			
Cash and cash equivalents		11,164	5,778
Loans and receivables		61	39
Investments	4	24,763	16,832
Total assets		35,988	22,649
Liabilities			
Payables		49	1,107
Total liabilities (excluding net assets attributable to unit holders)		49	1,107
Net assets attributable to unit holders	5	35,939	21,542

The notes on pages 7 to 8 are an integral part of these condensed interim financial statements

MAGELLAN GLOBAL FUND
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CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

	31 December 2008	31 December 2007
	\$'000	\$'000
Cash flows from operating activities		
Interest received	163	238
Dividends and distributions received	266	54
Other income	1	-
Responsible Entity fees paid	(184)	(81)
Other expenses	-	-
Net cash inflow/(outflow) from operating activities	246	211
Cash flows from investing activities		
Purchase of investments	(11,833)	(17,369)
Sale of investments	5,073	1,108
Other net foreign exchange gains / (losses)	(129)	(19)
Net cash inflow/(outflow) from investing activities	(6,889)	(16,280)
Cash flows from financing activities		
Receipts from issue of units	13,817	26,800
Payments for redemption of units	(2,259)	(38)
Distributions paid	(189)	-
Net cash inflow/(outflow) from financing activities	11,369	26,762
Net increase/(decrease) in cash and cash equivalents	4,726	10,693
Cash and cash equivalents at beginning of the year	5,778	-
Effect of exchange rate fluctuations on cash and cash equivalents	660	(12)
Cash and cash equivalents at the end of the year	11,164	10,681

The notes on pages 7 to 8 are an integral part of these condensed interim financial statements

MAGELLAN GLOBAL FUND
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**CONDENSED NOTES TO THE INTERIM FINANCIAL
STATEMENTS**
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

1. Reporting entity

Magellan Global Fund (the 'Fund') is a registered managed investment scheme under the *Corporations Act 2001*. The condensed interim financial report of the Fund is for the six months ended 31 December 2008.

The Responsible Entity of the Scheme is Magellan Asset Management Limited ("The Responsible Entity"). The Responsible Entity's registered office is Level 7, 1 Castlereagh Street, Sydney, NSW 2000. The financial report is presented in Australian currency.

2. Statement of compliance

The condensed interim financial report is a general purpose financial report that has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Fund as at and for the year ended 30 June 2008.

The condensed interim financial report was authorised for issue by the directors of the Responsible Entity on 23 February 2009.

The Fund is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Summary of significant accounting policies

The accounting policies applied by the Fund in this interim condensed financial report are the same as those applied by the Fund for the year ended 30 June 2008.

The Fund has elected to early adopt the following accounting standard:

AASB 8 *Operating Segments* is effective for reporting periods beginning on or after 1 January 2009 and has the effect of removing the requirement to disclose segment information for entities whose securities are not traded in a public market. The Fund's adoption of this standard removes disclosures that would otherwise have been required under AASB114 *Segment Reporting*.

4. Investments

	31 December 2008	30 June 2008
	\$'000	\$'000
Financial assets designated at fair value through profit or loss upon initial recognition		
Equity securities		
- Australian equity securities	525	172
- International equity securities	24,238	16,660
Total financial assets at fair value through profit or loss upon initial recognition	24,763	16,832

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**CONDENSED NOTES TO THE INTERIM FINANCIAL
STATEMENTS**
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

5. Net assets attributable to unit holders

	31 December 2008		31 December 2007	
	Number of units '000	\$'000	Number of units '000	\$'000
Opening balance	26,669	21,542	-	-
Units issued during the half year	15,213	14,154	26,953	26,820
Units redeemed during the half year	(2,478)	(2,267)	(49)	(48)
Change in net assets attributable to unit holders	-	2,510	-	(972)
Closing balance	39,404	35,939	26,904	25,800

6. Related parties

There have been no significant changes to the related party transactions disclosed in the last Annual Report.

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, Magellan Financial Group Limited, the parent company of the Responsible Entity of the Fund, or its director-related entities may invest into or withdraw from the Fund. These applications and withdrawals are on the same terms and conditions as those entered into by other Fund investors.

7. Events subsequent to reporting date

There have been no matters or circumstances arising after the balance sheet date that have significantly affected, or may significantly affect the Fund's operations in future periods, the results of those operations, or the Fund's state of affairs in future periods.

8. Contingent assets and liabilities and commitments

There were no outstanding contingent assets and liabilities or commitments as at 31 December 2008 or 30 June 2008.

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DIRECTORS DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

In the opinion of the Directors of Magellan Asset Management Limited, the Responsible Entity for the Magellan Global Fund ('the Fund'):

- (a) the financial statements, notes and the additional disclosures included in the Directors Report designated as audited, of the Fund are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Fund as at 31 December 2008 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Magellan Asset Management Limited:



Hamish Douglass
Chairman
Magellan Asset Management Limited
Sydney

25 February 2009



Independent auditor's review report to the unitholders of Magellan Global Fund

We have reviewed the accompanying interim financial report of Magellan Global Fund (the Scheme), which comprises the condensed balance sheet as at 31 December 2008, and the condensed interim income statement, statement of changes in recognised income and expense and cash flow statement for the interim period ended on that date, a summary of significant accounting policies, other explanatory notes 1 to 8 and the directors' declaration set out on pages 4 to 9.

Directors' responsibility for the financial report

The directors of Magellan Asset Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Scheme, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of the Scheme is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Robert Warren', with a horizontal line extending to the right.

Robert Warren
Partner

Sydney
25 February 2009